

the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

Passed the Senate on March 23, 2015: Yeas 28, Nays 3; the Senate concurred in House amendment on March 31, 2015: Yeas 27, Nays 3; passed the House, with amendment, on March 30, 2015: Yeas 114, Nays 27, two present not voting.

Approved April 8, 2015.

Effective April 8, 2015.

**PROCEDURES FOR THE MANAGEMENT, SALE, OR LEASE
OF CERTAIN STATE-OWNED REAL PROPERTY AND THE
MANAGEMENT OR COLLECTION OF RELATED FUNDS,
INCLUDING DISPUTED OIL AND GAS ROYALTIES OWED TO
THE STATE**

CHAPTER 3

S.B. No. 903

AN ACT

relating to procedures for the management, sale, or lease of certain state-owned real property and the management or collection of related funds, including disputed oil and gas royalties owed to the state.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 31.1573(d), Natural Resources Code, is amended to read as follows:

(d) The grant of an interest in real property owned by the state under this section must:

(1) comply with the requirements of Section 31.158 to the extent the requirements do not conflict with a recommendation in the governor's report under Section 31.1571; and

(2) be conveyed by an instrument signed by the commissioner and, if the *transaction was conducted under Section 31.158(c)(7)* ~~[governor's approval is required]~~, by the governor.

SECTION 2. Section 31.167(c), Natural Resources Code, is amended to read as follows:

(c) The special board of review must file a copy of the development plan in the deed records of the county in which the real property is located. Revisions to the development plan *are governed by local development policies and procedures if the revisions* ~~[that]~~ are requested after the later of:

(1) the 10th anniversary of the date on which the development plan was promulgated by the special board of review; or

(2) the date on which the state no longer holds a financial or property interest in the real property subject to the plan ~~[are governed by local development policies and procedures]~~.

SECTION 3. Section 32.106, Natural Resources Code, is amended to read as follows:

Sec. 32.106. **DESCRIPTION OF LAND.** The description of public school land offered for sale, lease, or commitment to a contract for development shall be in accord with the description which may be found in the School Land Registry *or other records* in the land office.

SECTION 4. Section 33.136(c), Natural Resources Code, is amended to read as follows:

(c) Within 30 days after the date the commissioner approves a coastal boundary survey under this section, the commissioner shall provide notice of that approval by:

- (1) publication in the Texas Register;
- (2) publication for two consecutive weeks *on the Internet website of the land office* ~~in a newspaper of general circulation in the county or counties in which the land depicted in the survey is located~~; and
- (3) filing a copy of the approval in the archives and records division of the land office.

SECTION 5. Subchapter C, Chapter 51, Natural Resources Code, is amended by adding Section 51.068 to read as follows:

Sec. 51.068. FUND ACCOUNTS. (a) Payments of principal, interest, and lease rental shall be accounted for in a similar form but separate from first payments on land.

(b) The comptroller shall deposit 90 percent of the payments on land received each month to the probable fund to which the payments belong as indicated by the commissioner and shall hold the remaining 10 percent of the payments in the suspense account until the comptroller receives notice from the commissioner indicating the proper fund for the payments. After notice is received, the comptroller shall credit the full amount to the proper fund.

(c) The commissioner and comptroller shall keep an account with each fund according to advices given by them and shall retain the advices as permanent records.

SECTION 6. Section 51.3021(c), Natural Resources Code, is amended to read as follows:

(c) The notice required by Subsection (b) ~~[of this section]~~ must be given:

(1) by service in person or by registered or certified mail, return receipt requested; or

(2) if personal service cannot be obtained or the address of the person responsible is unknown, by posting a copy of the notice on the facility or structure and by publishing notice *on the Internet website of the land office and in the Texas Register for* ~~in a newspaper with general circulation in the county in which the facility or structure is located two times within~~ 10 consecutive days.

SECTION 7. The heading to Section 52.137, Natural Resources Code, is amended to read as follows:

Sec. 52.137. SUIT AFTER PROTEST ~~[PAYMENT]~~.

SECTION 8. Sections 52.137(a) and (c), Natural Resources Code, are amended to read as follows:

(a) If a lessee, who has received an audit deficiency assessment and has waived the right to request a hearing before the commissioner or who is required by final order of the commissioner following a hearing to pay additional royalties, contends that such audit deficiency assessment is unlawful or that the commissioner may not legally demand or collect such royalties, *and the lessee* ~~[shall pay to the commissioner the amount claimed by the commissioner, and if the lessee]~~ intends to bring suit under this section, the lessee must submit ~~[with the payment]~~ a protest in writing stating fully and in detail each reason why it contends such royalty is not due. Such *protest* ~~[payment]~~ shall be made to the commissioner within 30 days of the date of receipt of the audit billing notice or of the date of receipt of the final order of the commissioner following a hearing, as the case may be. All such mailings shall be by certified mail, return receipt requested.

(c) ~~[A suit may be brought under this section against the commissioner to recover the payment under protest.]~~ A suit under this section is barred unless brought in the district courts of Travis County within 90 days after the date of the protest ~~[payment]~~ or within 90 days after the date of the final order of the commissioner following hearing, whichever is later.

SECTION 9. Section 52.139(a), Natural Resources Code, is amended to read as follows:

(a) If an audit billing notice has been issued under Section 52.135 and any outstanding audit deficiency assessment has been paid either:

- (1) voluntarily;
- (2) after a hearing was requested and the commissioner has entered a final non-appealable order concerning the assessment; or
- (3) after a final non-appealable judgment has been rendered by a court after ~~payment of an audit assessment under protest and~~ filing of a suit ~~for refund~~ under Section 52.137 ~~of this code~~, then the commissioner may not issue another deficiency assessment which covers the same issues, time periods, and leases as those covered by the previous assessment.

SECTION 10. The following provisions of the Natural Resources Code are repealed:

- (1) Section 32.102;
- (2) Section 52.137(b); and
- (3) Section 52.138.

SECTION 11. The changes in law made by Sections 52.137 and 52.139(a), Natural Resources Code, as amended by this Act, and by the repeal of Section 52.138, Natural Resources Code, apply only to an audit billing notice or a final commissioner's order, as applicable, received by a lessee on or after the effective date of this Act. An audit billing notice or a final commissioner's order, as applicable, received by a lessee before the effective date of this Act is governed by the law in effect on the date the notice or order was received, and the former law is continued in effect for that purpose.

SECTION 12. This Act takes effect September 1, 2015.

Passed the Senate on April 16, 2015: Yeas 31, Nays 0; passed the House on April 23, 2015: Yeas 139, Nays 0, two present not voting.

Approved May 5, 2015.

Effective September 1, 2015.

APPRAISAL FOR AD VALOREM TAX PURPOSES OF A REAL PROPERTY INTEREST IN OIL OR GAS IN PLACE

CHAPTER 4

S.B. No. 1985

AN ACT

relating to the appraisal for ad valorem tax purposes of a real property interest in oil or gas in place.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 23.175(a), Tax Code, is amended to read as follows:

(a) If a real property interest in oil or gas in place is appraised by a method that takes into account the future income from the sale of oil or gas to be produced from the interest, the method must use the average price of the oil or gas from the interest for the preceding calendar year multiplied by a price adjustment factor as the price at which the oil or gas produced from the interest is projected to be sold in the current year of the appraisal. The average price for the preceding calendar year is calculated by dividing the sum of the monthly average prices for which oil and gas from the interest was selling during each month of the preceding calendar year by 12. If there was no production of oil or gas from the interest during any month of the preceding calendar year, the average price for which similar oil and gas from comparable interests was selling during that month is to be used. *Except as otherwise provided by this subsection, the [The] chief appraiser shall calculate the price adjustment factor by dividing the spot price of West*